

1 INTRODUCTION

The H Street NE Strategic Development Plan constitutes a redevelopment plan or a neighborhood development plan area under subchapter I of Chapter 3 of Title 6 ("Redevelopment Act").

The Plan was developed to guide community, private sector, and public agency actions and investments in revitalizing this traditional neighborhood corridor over the next ten years. Over 500 stakeholders - including residents, merchants, property owners, District agencies and investors - provided inputs on market analysis, neighborhood assets, transportation objectives, and current and proposed land uses, towards the development of this Plan.

1.1 A Top Priority

The H Street NE Strategic Development Plan is a direct outgrowth of the Neighborhood Planning Initiative of the District's Neighborhood Action program. Through that planning process, area residents identified the revitalization of H Street and its transformation into a vibrant commercial corridor as a top priority. As reflected in the neighborhood's Strategic Neighborhood Action Plan (DC Office of Planning Cluster 25), residents and area stakeholders believe that a healthy and viable neighborhood requires healthy and vibrant economic opportunities. Through a carefully facilitated process of issue identification and priority setting, residents, stakeholders, business owners, and institutional neighbors from across the area pointed to the revitalization of H Street as a top concern.

In addition to infrastructure improvements, increased safety, beautification efforts, and financial assistance, residents advocated for more economic opportunities including improvements in physical appearance, safety and social health.

1.2 Plan Goals & Objectives

The Strategic Development Plan has been prepared to help reestablish H Street as a safe, attractive destination offering a unique combination of neighborhood goods and services; places to live, work, shop, and eat; and settings for cultural enrichment and entertainment.

As a guide for public and private investment, the Strategic Development Plan is designed to:

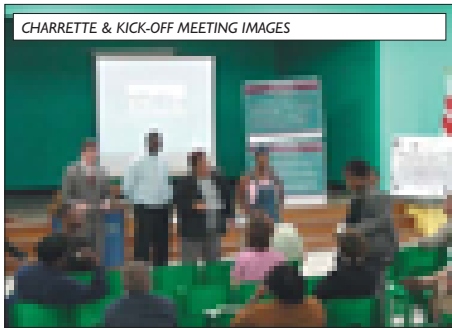
- provide vital information and recommendations to help existing businesses to grow and thrive on H Street;
- offer strategies for encouraging the reuse of the numerous vacant lots and storefronts to create a desirable mix of commercial offerings on the corridor;
- assist in determining the public investment needed to improve the infrastructure and physical appearance of the corridor; and
- identify ways to improve the physical and market perception of the corridor to attract shoppers, tourists, residents, visitors, art patrons and private investors.

Plan recommendations and strategies focus on helping achieve the following interrelated objectives:

- retention of existing businesses and attraction of new businesses to support more diverse offerings of goods and services, growth in job opportunities for area residents, and increased tax revenues to support local services;
- attraction of new residents, visitors and customers while protecting surrounding neighborhoods and balancing needs for pedestrians, vehicular traffic flow and parking; and
- creation of a strong sense of place that respects the corridor's rich architectural and social history through streetscape improvements, the preservation and adaptive reuse of existing buildings and the construction of new buildings compatible with the corridor's existing character and contemporary business requirements.

1.3 Key Community Issues

As a first step in the planning process for H Street, the Office of Planning worked with community groups and area stakeholders to form an Advisory Committee (the Committee is described in further detail in Section 1.5). Among the Committee's first tasks was the identification of issues and opportunities. These issues, summarized below, served as a starting point for the development of the Plan:



CHARRETTE & KICK-OFF MEETING IMAGES



Land Use, Zoning & Development

- Potential redevelopment, repositioning opportunities at both of the gateway locations (the Hechinger Mall area to the east and the 3rd and H intersection to the west);
- Recommendations for site assemblage (to accommodate new uses), demolition and historic preservation;
- Recommendations for new land uses and/or zoning modifications;
- Building design and development guidelines for new construction and properties recommended for preservation; and
- Role of housing incentives and benefits of housing.

Retail Environment

- Diversification of the retail mix;
- Strategies for marketing the corridor to new retail users;
- Strategies for encouraging revitalization activities along the corridor; i.e. tax increment financing district, HUB and Enterprise zone benefits, etc.;
- Strategies for capacity building of corridor merchants and property owners, i.e. Business Improvement Districts (BID) or others; and
- Small business incubators, cultivation of local entrepreneurs.

Transit, Traffic & Parking

- Recommendations for transit enhancements, parking and traffic/transportation management;
- Allocation of R.O.W. to accommodate transit enhancements, parking, traffic flow and pedestrians; and

- Pedestrian safety / sidewalk conditions and uses.

Public Realm

- Guidelines for streetscapes;
- Safety;
- Place making strategies; and
- Public gathering places (i.e. sidewalk cafés, particularly side streets).

1.4 Study Area

The focus area for the H Street NE Strategic Development Plan includes the commercially-zoned land and buildings fronting H Street between 2nd Street NE and 15th Street NE as well as the Hechinger Mall site (Square 4493) and the CVS/Former Sears site (Square 4491). A larger area, referred to as the project area, extends west to North Capitol, east to 17th Street NE, north to K Street NE, and south to F Street NE. While the study focuses on development sites immediately fronting H Street, it is critical to examine potential interfaces and impacts of the H Street development proposals to adjacent areas. This is especially important where transitions to other uses occur (e.g. residential uses to the north and south) or where other nearby development proposals may impact upon H Street (i.e. North Capitol and Union Station Air Rights to the west).

1.5 Planning Process

The process for the Strategic Development Plan included a series of Advisory Committee work sessions, public workshops, and a 5-day interactive design charrette. In addition,

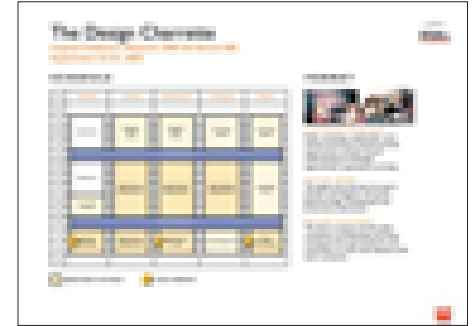
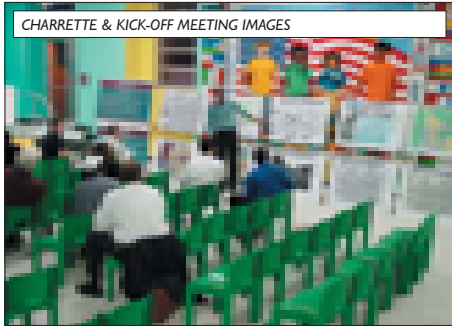
Office of Planning staff provided progress reports to stakeholder groups and organizations and solicited feedback during numerous community meetings over the planning period.

Advisory Committee Formation

As described previously in Section 1.3, a community-based Advisory Committee was formed to represent the interests of a broad cross-section of area stakeholders and guide the planning effort. Members of the committee included residents and business owners, representatives of neighborhood and civic associations, Advisory Neighborhood Commissioners, and representatives from H Street business associations and area cultural institutions. Advisory Committee meetings were led by the Office of Planning and typically held prior to the broader community workshops. The Advisory Committee served as a conduit for information dissemination, reviewed documents and plans and reviewed the proposed scope of work for the Study.

Inventory & Initial Public Workshop

Prior to the initial community meeting, the design team completed a review and analysis of physical conditions along the H Street corridor. The inventory relied on data provided by the Office of Planning — tax assessor records, GIS data, development policies and regulations — as well as information collected through a series of field surveys and stakeholder interviews. Through the field surveys and interviews, the design team collected information regarding the condition and occupancy of buildings and the quality of public spaces and rights-of-way. This information provided the basis for the



identification of development, preservation, parking, and public space improvement opportunities.

On September 12, 2002, the Office of Planning and the Advisory Committee held the first public meeting. The session was designed to introduce neighborhood stakeholders to the study, review the study goals and objectives, present the design team's preliminary findings, and solicit feedback on issues and ideas for the corridor. Following an introduction by members of the Advisory Committee and presentations by Office of Planning staff and members of the design team, participants shared observations about existing conditions and ideas for positive change.

Design Charrette

During the next stage of the process, the design team led the community through a week-long design charrette at the Capital Children's Museum. From September 23-27, 2002, members of the team worked with community stakeholders to develop and test ideas and identify potential solutions to H Street's planning and development challenges.

In recent years, charrettes have gained popularity as effective platforms for collaboration and community problem-solving. As with the H Street Charrette, events are typically organized around the following kinds of public activities:

- **Listening Sessions.** Public workshops, stakeholder work sessions, and drop-in sessions provide opportunities to build a shared understanding of challenges, opportunities, expecta-

tions and ideas;

- **Design Workshops.** During a charrette, planners and designers quickly generate design ideas and development alternatives, responding to ideas and information gained through the listening sessions;
- **Focused Interviews.** Dedicated meetings are held with individual stakeholder groups including merchants, property owners, implementing agencies, etc.; and
- **Review Sessions.** Drop-in sessions, walking tours, briefings, and public workshops provide opportunities for the community to review and respond to ideas and proposals.

The openness of a charrette allows input and feedback from parties that have a stake in the plan, intimate knowledge of the place and its people, and the ability to support implementation. The active engagement of community members, public officials, property owners, and local merchants is a prerequisite to success. The H Street Charrette allowed easy access during the drop-in sessions, workshops and formal presentations. Throughout the week, residents, property owners and merchants stopped to check on the team's progress, share ideas and concerns, and provide real time feedback on design and proposals.

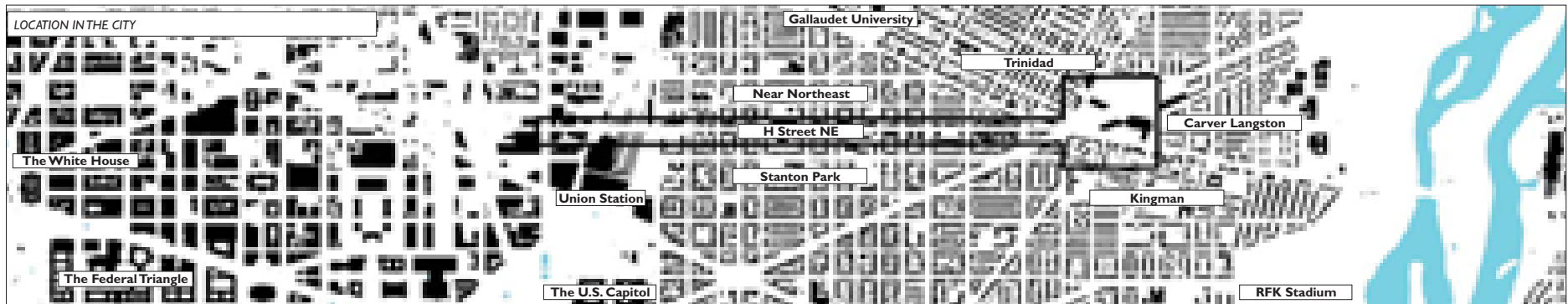
The charrette commenced with members of the Advisory Committee leading the design team in a walking tour of the corridor. The tour was followed by a public workshop held the at the Capital Children's Museum the evening of September

ber 23, 2002. That evening the team reviewed the analysis of existing conditions and initial design and development concepts, and led a series of small group discussion sessions. This was an opportunity for members of the planning team to introduce the study and share initial observations concerning H Street's assets and issues and hear community concerns, ideas and visions for the corridor's future.

During the next two days of the charrette the team began the design process and simultaneously held meetings with a variety of stakeholders, including merchants, residents, and property owners. The intense process allowed the information received during the meetings to be fed directly to the design team and incorporated into the design effort.

The charrette concluded with a large-scale public workshop during which Mayor Anthony Williams offered a summary of the District's on-going work in the neighborhood and members of the design team presented the outcome of the design effort and led a question-and-answer session with attendees.

Following the charrette the design team worked closely with the Office of Planning to develop the recommendations contained in Strategic Development Plan. The Office of Planning continued to provide the design team with community input obtained from various meetings, emails and other communications. In addition, the Draft Strategic Development Plan was presented at approximately ten individual neighborhood organization meetings throughout the H Street community.



2 PLANNING CONTEXT

The combined effect of three factors — H Street's strategic location, critical mass of large-scale private investments in the area, and public initiative to improve neighborhood livability and economic vitality — make this a perfect time to plan for the corridor's future.

2.1 Strategic Location in the City

The H Street corridor benefits greatly from its strategic location within the city and region. The corridor has served, and continues to serve, both as a pedestrian-oriented retail street and a vital regional link in the District's transportation (vehicular and transit) network. Striking a sustainable balance between these interrelated roles—destination and movement corridor—is among the central challenges of the current planning effort.

A District Destination

As historic photographs suggest and long-time residents and property owners confirm, H Street in the mid 1900s — both before and after integration in 1954 — was among the District's most lively, safe and attractive shopping destinations. Residents from the surrounding neighborhoods — known today as the Near Northeast neighborhood to the north and the Stanton Park and Linden neighborhoods to the South — could satisfy virtually all their needs for goods and services along the corridor, as well as their desire for entertainment

and eating. With diverse offerings and evening hours, H Street also became an important after-work and weekend shopping district serving the entire District.

As with other urban commercial corridors, conditions along H Street started to decline in the 1960s. Suburban competition, rapid population losses in the late 1950s and early 1960s, and the 1968 riots combined to diminish H Street's position as a regional destination and neighborhood-shopping street. Records of the construction activity along the corridor provide evidence of changes in the pace and pattern of investment. 165 of the corridor's existing 323 buildings were built between 1900 and 1940, which translates to an average of 40 new buildings per decade. In contrast, only 12 new commercial buildings were constructed along H Street since the riots, and only 3 of these were taller than one story.

The scale and character of development transformed along with the pace of change. While a few of the new buildings provided storefront retail space—notably the office development on the 600 block—most of the new buildings followed a more-suburban model, with front or side rather than rear yard parking (Hechinger Mall and H Street Connection), minimal storefront display space, signage directed to automobile traffic rather than pedestrians (CVS), and building materials and details out of step with the historic context of the street and surrounding neighborhoods (Auto Zone).

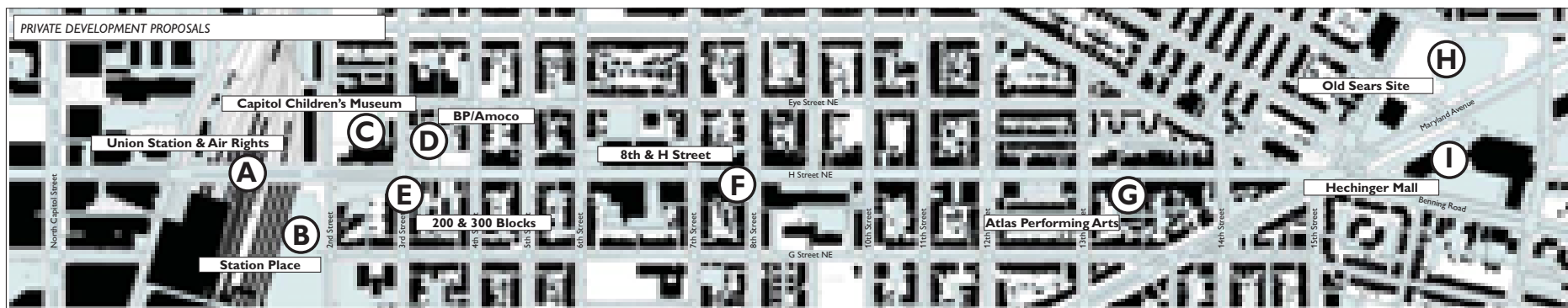
While the street's general decline has been reinforced by the

unsympathetic quality of recent development and lingering perceptions that the street remains an unsafe and unwelcoming place, signs of positive change exist and present an important foundation for the Strategic Development Plan. Hechinger Mall provides shopping opportunities otherwise unavailable to local residents. Meanwhile, the H Street Connection, despite its suburban character, has helped maintain H and 8th as the neighborhood's 100% commercial corner by providing a concentration of recognized retail establishments adjacent to a busy transit interchange area. Several building renovations, storefront improvements, and upper story conversions — central objectives of virtually every Main Street revitalization effort — are planned or underway; the H Street Playhouse on the 1000 block is attracting patrons from across the region, and proposals like that to restore the Atlas Performing Arts Center for live theater and dance performances are raising the community's expectation that positive change is a real short term possibility.

Important Travel Route

H Street's role as an important travel route also has evolved over time. In the early days of the District, H Street served as one of the city's primary eastern gateways with connections to Bladensburg, the Benning Bridge, and more distant destinations in Maryland.

The popularity of trolleys as a means for mass transportation in the early to mid-1900s further reinforced H Street's role



as local and regional travel corridor. The trolley system also served as a catalyst for the commercial cluster that developed around the crossing of the H and 8th Street lines, and with the shift in technology from rail to bus, the intersection of 8th and H Streets continues to serve as the focus of neighborhood-oriented retail and commercial services.

H Street also serves as a primary commuter route between downtown and suburban destinations north and east of the city. Since the construction of the Hopscotch Bridge in the 1970s and the subsequent institution of rush hour prohibitions on street parking, H Street is among the moderate to heavy traveled commuter routes in the District.

H Street's function as a travel corridor presents both challenges and opportunities. While high traffic volumes and transit ridership present opportunities for retailers—frontage along busy streets and bus lines often translates to increased sales—high travel speeds, poor quality streetscapes, and the lack of conveniently-located parking diminish the corridor's attractiveness to potential patrons of local businesses. If the transportation system can be designed to better serve the needs of residents and shoppers, H Street's re-establishment as a neighborhood and district destination may be more easily achieved.

2.2 Private Development

Several projects pending or proposed will have a significant impact on the future of the corridor and provide an impor-

tant foundation for the planning effort.

Union Station Air Rights (A)

Union Station, located a short walk from the H Street, is among the District's most active destinations. The Station sees approximately 100,000 visitors per day including tourists, local residents and local office workers from adjacent Capitol Hill. The Station includes over 200,000 square feet of retail space in 100 to 120 stores and restaurants, an AMC theater, and 170,000 square feet of office space for Amtrak and terminal functions.

Union Station's current parking garage, which connects directly to the west end of the Hopscotch Bridge, includes 1,400 parking spaces for Amtrak passengers, shoppers and Station employees (200-250). The Station had been planning to expand their garage by an additional 1,200 spaces, but this project has been delayed pending the finalization of plans for development of the Station air rights.

The General Services Administration recently solicited proposals from private sector interests for the development of the air rights over the Amtrak tracks that pass beneath the Hopscotch Bridge. Through a competitive process, GSA selected Akridge Company, a District-based developer of office and mixed use projects, to prepare detailed development plans for the site. Currently, plans are being drafted for a large-scale mixed project to include three office buildings and an inter-modal transit facility south of the Hopscotch Bridge and a hotel and parking facility north of the bridge. Building heights for the site are said to be limited to protect the archi-

tectural integrity of Union Station.

Station Place (B)

Station Place is a three-phase development of approximately 1.5 million square feet of office and 950 parking spaces. Phase 1 and 2 of the development are underway and will be occupied by the Security and Exchange Commission (SEC) national headquarters. Construction of the two 10-story buildings is expected to be complete by the end of 2005. There is no target date for the construction of Phase 3, as a lead tenant has not been identified. Phase 3, approximately 500,000 square feet of office space, is being marketed primarily to the Federal government. The proposed Phase 3 building is to be located on 2nd Street. The building will have a third floor connection to H Street with a primary street address on 2nd Street.

Current plan calls for a pedestrian connection within the buildings from H Street to Union Station, which would be available to the public during normal business hours. In addition, a signalized parking entrance will be located on H Street at the current median break on the Hopscotch bridge. The developer's traffic study indicates that approximately 50% of the cars parking on site will access the site from the H Street garage entrance. SEC will employ approximately 5,000 workers, 70% of whom use public transit.

Capital Children's Museum (C)

Although a final decision has not been made, the Capital Children's Museum is considering relocating. Prior to the

Museum's occupancy of the 2.47 acre site, the property was controlled by the Little Sisters of the Poor and developed over a hundred year period as a convent and home for the aged and destitute. Portions of the existing buildings are as old as 125 years with the newer sections dating to the 1960s and 1970s. Although the complex is not currently listed on the National Register of Historic Places or the DC Inventory of Historic Sites, it almost certainly would qualify for both designations. In addition to the Museum, the buildings also house two charter schools with approximately 300 students and a private school of approximately 25 students. The schools are a tenant of the Museum and do not have long term plans of staying in the building.

The Capital Children's Museum's goal is to become the 'National' Children's Museum, which would allow them to continue to serve the local market, but expand to also serve the national tourist market. The Museum reports that they cannot fulfill their mission in the current buildings. The Museum would like to increase its capacity to be able to serve 500,000 to 750,000 visitors per year, and has thus explored options to redevelop the site to provide 140,000 to 200,000 square feet of space on a maximum of 3-4 floors. Such a plan, however, does not take into account the site's historic significance, and would likely encounter strong opposition from local preservation organizations and community groups.

BPI/Amoco Site (D)

BP/Amoco has been working with the community to develop a design solution for their proposed gas station at the intersection of H Street and 3rd Street. BP hopes to construct a station with 16 pumps covered by an overhead canopy and a convenience store with associated parking. The latest proposal being discussed by the community and BP uses only the western half the site, leaving the portion east of the alley available for other developers. The building is sited with the short end of the building abutting the sidewalk and the entrance doors facing the pump area. The project is scheduled for submittal to the District's Board of Zoning Adjustment (BZA) in early 2003. Their current plans are accommodated on the property frontage from the existing midblock alley to the 3rd Street to the west. The property to the east of the alley is suitable for redevelopment for other uses and is expected to be sold.

200 & 300 Blocks of H Street (E).

Preliminary plans exist for the development of sites along the south side of H Street between 2nd and 3rd Streets and 3rd and 4th Streets. With the exception of a few buildings in poor

condition, these sites are vacant and ready for development. However, while the 200 block is under single ownership, the 18 parcels of the 300 block continue to be owned by 8 different owners.

Contributing to the attractiveness of these sites for mid-rise residential and mixed-use development is their location within a short, 8-10 minute walking distance from the Union Station Metro.

8th and H Street (F)

The H Street Community Development Corporation (HSCDC) plans to build a retail store on a 8,584 square foot site at the intersection of 8th and H Street. The current proposal includes the creation of ground level retail (two shoe stores and a fast food restaurant chain) in a single story building. In public meetings about the project, residents expressed concern about the low scale, design quality, and proposed tenants (several fast food outlets and shoe stores exist near the proposed building). To address some of these concerns, the HSCDC has suggested the addition of a second story façade treatment (i.e. false second story). The proposed façade treatment would include construction of second story walls with no roof or windows; therefore there would be no occupied floor area.

Atlas Performing Arts Center (G)

Current plans for the Atlas Theater Complex, including the Atlas Theater itself and the adjoining vacant storefronts, call for the development of a Performing Arts Center (PAC), the only community based performing arts center in the region. The complex will include two professional theaters: a fixed-seat theater with 285 seats and a flexible-seat theater for up to 250 seats; two lab theaters (seating 125 each) for rehearsals, informal performances, classes, and meetings; three dance studios; costume and production shops; and offices. The dance studios will front on H Street and classes will be visible from the street.

Parking is an important consideration for the PAC. They have expressed an interest in temporary parking on the city land behind the Library and on the Auto Zone site; neither option has progressed to discussions yet, nor will either site as currently configured will be adequate. The nature of the PAC functions also requires consideration of patron and student drop off and pick up in front of the site along H Street; this influences traffic flow and on-street parking provision.

The project is currently in concept design phase; prepara-

tion of construction drawings will begin in the spring of 2003. Subject to the success of ongoing fund-raising, construction will begin in January 2004, with an expected opening in March 2005. The project leaders are also interested in finding short-term housing options for visiting performers; approximately a dozen such studios would be required.

The building was added to the DC Inventory of Historic Sites in October 2002, thus making the project eligible for a range of preservation incentive and assistance programs. These possibilities may be limited, however, by the constraints of current preservation regulations.

Former Sears Site (H)

The owners of Hechinger Mall also own 4.97 acres of vacant land at the intersection of Maryland Avenue and Bladensburg Road, formerly the site of a Sears department store. The owners are considering two alternative uses for the land. The first is a residential option that would include a four-story building, surrounding a parking structure in the center of the site and some convenience retail. A density of approximately 50 dwelling unit per acre is anticipated, which could yield 200 to 250 units. The second option is for the development of the land as a large format single tenant retailer in a one-story structure with surface parking.

Hechinger Mall (I)

Hechinger Mall has no plans for expansion on site, but will be undertaking some cosmetic renovations to the building exterior and signage. In addition, Safeway intends to begin an interior and exterior store renovation. The Mall, which includes approximately 25 tenants, is nearly 100% leased including the addition of two recent anchor tenants, Modell's Sporting Goods and National Wholesaler Liquidators (NWL). The retail draw of the anchor tenants is approximately 3-5 miles, while the other smaller tenants have a neighborhood customer base. Rental rates are competitive with other non-central city areas. The Mall includes on-site surface parking for approximately 590 cars.

2.3 District Initiatives

The District has several policies, initiatives and programs designed to improve neighborhood livability and promote reinvestment. These, along with a number of planned capital investments in the area, will strongly influence the future of the corridor.

reStore DC

The District's reStore DC program emphasizes 1) promoting and marketing business districts; 2) improving the appearance and economic health of neighborhood business districts; and 3) strengthening the internal capacity of District government agencies, along with organizations engaged in revitalization activity. The initiative emphasizes local entrepreneurial opportunity, and the strengthening of partnerships among the District government, civic and professional organizations, residents, and business owners and managers to facilitate commercial growth in every neighborhood. Elements of the initiative are described below.

- The DC Main Streets program consists of a comprehensive package of technical and financial assistance for neighborhood business districts. The goal of the program is to establish and implement a continuous and comprehensive revitalization program in a range of local neighborhood business districts. Each program would be based on a proven national model, The Main Street Four Point Approach: organization, economic restructuring, promotion, and design. H Street NE was among the first five (5) commercial districts designated as a DC Main Street and is in the early stages of organizational development;
- The Commercial District Technical Assistance Program (CD-TAP) offers direct assistance to any commercial district in the city, with grants awarded four times every year by the Office of Deputy Mayor for Planning and Economic Development. The CD-TAP is budgeted District-wide at \$400,000. The CD-TAP grants are for a maximum \$25,000 each, and are designed to assist short-term (30-90 day), highly visible projects or activities (merchant directories, special events, pre-development studies, etc.). Business districts with specific technical assistance needs could apply for matching funds to procure technical assistance or advisory services related to a specific revitalization activity or project(s). Local Main Street program areas are ineligible to apply, as they receive comprehensive services and annual grants for 5 years. But other local groups (i.e., merchant groups) are eligible. As such, CD-Tap may be available to provide assistance to H Street at a level of \$75,000 over 3-5 years;
- The Commercial Property Acquisition and Development Fund provides matching funds for non-profit organizations to acquire, redevelop, or build commercial properties located anywhere in the District;
- The Small Business Development Program assists businesses grow and prosper through opportunities for training, workshops, conferences, technical assistance, and access

to Capitol. This program component is funded at \$1 million for fiscal year 2002; and

- The Storefront Improvement Grants program offers storefront improvement grants to small business owners for the enhancement of retail or commercial properties. The program is administered by the Department of Housing and Community Development and the Office of Planning, partnering with local community organizations. The District will grant 80% of the total costs of improvement projects and the business owner is responsible to the remaining 20% of the cost.

Strategic Neighborhood Investment Program (SNIP)

A targeted investment policy wherein priority District neighborhoods or locations receive a series of comprehensive public actions or funds to complement and/or catalyze private sector investment.

Transit Enhancements

The District, with the Washington Metropolitan Area Transportation Authority (WMATA), is conducting assessments of potential corridors and routes for enhancing the city's mass transit network through the introduction of new transit technologies including intelligent transportation systems, rapid bus transit, light rail transit or reestablishment of trolleys. As indicated in the transportation section of this report, early studies identify H Street as a candidate for such improvements.

Transit-Oriented Development (TOD)

The District's Transit-Oriented Development Program is a smart growth planning strategy designed to leverage transit investment to enhance existing neighborhood centers by creating active and compact neighborhood development opportunities.

Parking Demand Management

This District policy focuses on creating livable neighborhoods while supporting successful retail and residential development through efficient management of parking demand and resources that may include creative pricing strategies, shared parking, municipal parking, shuttle and transit programs, and flexible design

Housing and Economic Redevelopment

The retention and attraction of residents is a major component of the District of Columbia's economic development

strategy. Over the next ten years the District seeks to capture another 100,000 new residents back to the city. The Williams Administration has put in place several initiatives aimed at increasing housing production and affordability to accommodate this growth. These include the following:

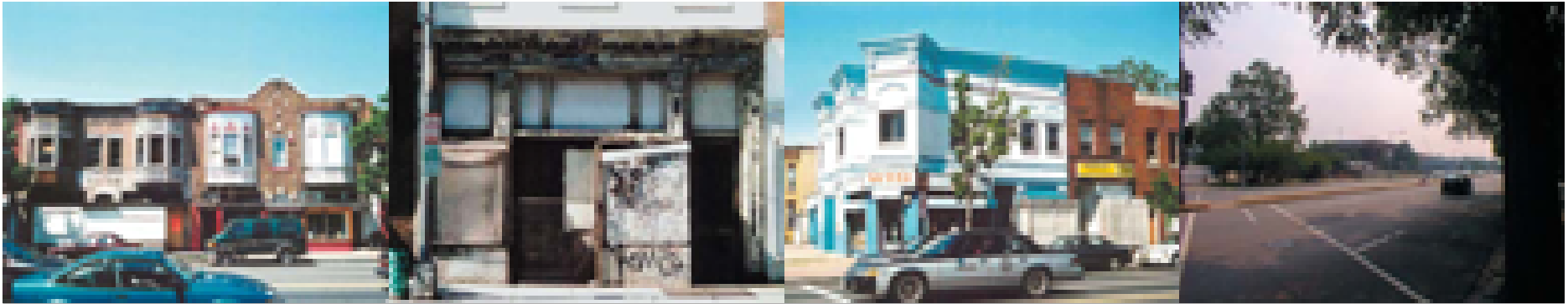
Housing Act 2001. The housing initiative protects existing affordable housing, reduces displacement, converts vacant and dilapidated buildings into new housing, and promotes new housing for people of all incomes. The centerpiece of the housing initiative is the omnibus housing legislation. The bill improves existing homeownership programs, creates new funding streams for affordable housing preservation and production, provides greater protection against displacement [HOW?], and offers new incentives for homebuyers and developers to build and rehabilitate housing. More information can be found on this initiative at www.dcbiz.dc.gov/services/housing_initiative_2002a.shtml.

Home Again Initiative. The District's Home Again Initiative is a program to convert vacant and abandoned buildings into quality homes. Under the initiative, the District will gain site control of vacant houses and sell them to developers who will rehab them into housing. Its mixed income homeownership structure stipulates a minimum of 30% of the homes sold will go to low income families. This Initiative will focus on empty lots and homes with no occupants.

New Neighborhoods. (from the Mayor's "Neighborhood 10: 10 Strategies for a Stronger Washington") "Several large sites - on former federally-controlled land like St. Elizabeth's Campus, on city-controlled properties such as Public Reservation 13, and on large tracts of underutilized land such as Mt. Vernon Triangle in Downtown Washington - offer excellent opportunities to build new, mixed-use and mixed-income communities without the displacement of existing residents. Community planning efforts have begun in several of these areas."

Comprehensive Plan Update – Housing Opportunity Areas.

The Office of Planning is in the process of updating the Comprehensive Plan for the District of Columbia. The current Comprehensive Plan does not recognize the corridor as a Housing Opportunity Area. However, this should be reconsidered in the update because the corridor is capable of producing new, mixed use and mixed income residential opportunities without displacing existing residents. The revisions to the Comprehensive Plan are expected to be complete by 2006.



3 MARKET CONDITIONS SUMMARY

The full market conditions analysis is provided in Appendix A of this report.

3.1 Methodology

ERA's approach was comprised of the following main components:

- An examination of key regional economic indicators such as employment and population trends and projections.
- An analysis of demographic and economic conditions in the corridor.
- An assessment of real estate market conditions for office and residential uses in the District and relevant sub-markets. The preparation of estimates of supportable office and residential development in the corridor.
- A retail market analysis for the corridor including potential future induced demand for retail space generated by new residents and workers.
- An assessment of the implications of new cultural and entertainment facilities for the potential for eating and drinking uses.
- A discussion of the implications of new big box uses and mall development at either end of the planning area for other retail uses in the corridor.

3.2 Economic Overview

- The Washington metropolitan area's economy has experienced significant growth during the past decade, a trend that is forecast to continue during the coming 20 years or so.
- Growth in the technology sector has been the primary force driving demand for new office space in the region. This sector has experienced downsizing due to a market correction in relation to over-valued telecommunications and e-businesses.
- Nevertheless, we anticipate that, in the long-term, the sector will continue to play a centrally important role in regional economic growth.
- Forecast employment growth in all sectors will fuel demand for around 11.6 million square feet of additional office space in the District to the year 2012.

3.3 Market Analysis

Office

- Washington, D.C. office market has strongly rebounded from the early nineties, with a total of nearly 10.4 million square feet of Class A and B office space added from 1995 to the second quarter of 2002.
- Throughout Washington, there is an under-supply of approximately 600,000 – 800,000 square feet of Class A space and 1.7 – 1.9 million square feet of Class B space.

- Based on existing vacancy rates, we estimate that there is currently a net *undersupply* of approximately 480,000 to 510,000 square feet of Class A space in the East End sub-market. There is currently an *oversupply* of approximately 140,000 – 150,000 square feet of class A space in Union Station.
- The *undersupply* of Class B space is more marked with existing pent-up demand for approximately 775,000 – 800,000 square feet in both sub-markets combined. The Union Station sub-market accounts for approximately 280,000 – 300,000 square feet of this undersupply.
- Absorption activity in the East End sub-market has been driven by Class A space largely in the form of new deliveries. Approximately 1.5 million square feet of such space absorbed during the last two years. This compares to negative absorption of around 50,000 square feet of Class B space and 20,000 square feet of Class C absorption. However, this analysis must be placed in the context of the exceedingly low vacancy rate for Class B space at the end of 2000 at around 1.4 percent.
- The Union Station sub-market has also witnessed strong absorption activity with around 260,000 square feet of Class A space and 340,000 square feet of class B space during the past two years or so.
- There is approximately 4.6 million square feet of floor space under construction or renovation throughout central Washington in 16 buildings, all due to be delivered by the first quarter 2004.

H Street Corridor Study: Retail Market Analysis			
Summary of Supportable Retail Space: 2002 - 2012 (Square Feet)			
	2002	2012	
	Low	High	High
Retail Category	Productivity	Productivity	Productivity (1)
GAFO (2)	181,000	91,000	160,000
Convenience (3)	108,000	54,000	94,000
Meals and Beverag	64,000	32,000	49,000
Total (4)	353,000	177,000	303,000
<i>(1) Based on 2002 Mid-Atlantic sales per square foot averages from International Council of Shopping Centers' Monthly Mall Merchandise Index.</i>			
<i>(2) General merchandise includes general merchandise stores, apparel stores, and furniture stores.</i>			
<i>(3) Convenience includes groceries, personal services, stationery, drugs/sundries, books and magazines, and tobacco.</i>			
<i>(4) Includes space supported by new workers and residents</i>			
Source: Claritas Inc.; Economics Research Associates, October 2002.			

- In the East End sub-market there is approximately 1.8 million square feet under construction or renovation in seven different buildings with around 80 percent of the space available. In the Union Station sub-market there is approximately 880,000 square feet in two buildings both of which are pre-leased by tenants which include the SEC.
- Between 2002 and 2012, we believe the H Street corridor planning area can capture between 2 and 3 percent of the Class B office market growth potential of the relevant adjacent sub-markets equating to around 150,000 – 200,000 square feet of space.

Multiple Unit Residential Market Analysis

- The District is part of a wider apartment market that includes the inner suburbs of Arlington and Alexandria, and Fairfax, Montgomery and Prince George's counties.
- The apartment market potential in the District depends on the extent to which it can effectively compete with these suburbs for multiple unit residents.
- We estimate that there are currently around 84,500 apartment units in the District of Columbia and a vacancy rate of two percent, well below typical stabilized rates of between 3 and 5 percent.
- At present, we believe that there is sufficient pent-up demand to support between 1,800 and 2,300 additional apartment units in the District.
- Population growth in the sub-region should generate demand for approximately 40,000 additional multiple family units for the ten-year period to 2012. This is based on the ratio between the resident population and the total housing stock.
- The estimated ten-year incremental demand potential in the District is around 12,000 units. This forecast coupled with existing pent-up demand in the District, suggests that there exists sufficient demand to support an additional 13,800 – 14,300 additional units to the year 2012.
- Based on the performance of relevant sub-markets including Downtown/Logan Circle and Capitol Hill, we believe they can capture approximately 45 percent of District demand potential to the year 2012, or 6,300 units. Excluding committed projects this translates to around 4,300 units.
- We believe the H Street corridor could capture around 15 percent of this market potential equating to around 650 units.
- Based on the distribution and pace of condominium development activity, we believe the corridor potential is

more modest, perhaps an additional 50 - 100 units.

Retail Market Potential

- ERA examined the market supportable retail potential for the H Street Corridor. We have developed estimates for retail space potentials by major retail category under three scenarios:
 - Existing Conditions and Productivity Rates (2002)
 - Existing Conditions and Investment Productivity Rates (2002)
 - Future Conditions and Investment Productivity Rates (2012)
- ERA's intent in this analysis was to define a reasonable estimate of supportable space for a retail program comprised of the following major retail categories:
 - General Merchandise, Apparel and Accessories, Furniture/Home Furnishings and Other (GAFO)
 - Convenience
 - Eating and Drinking
- The retail market potential of the planning area is established by examining the expenditure potential generated from two major sources: expenditures of residents in the primary and secondary trade areas and customers that have been calculated as an "inflow" factor:
- By 2012, the primary trade area is forecast to contain approximately 5,500 households, an increase of around 15.3 percent over current levels as a result of the potential multiple unit development in the corridor identified above. Households in the secondary area are forecast to increase by approximately 10.5 percent to around 32,000 by 2012.
- By 2012, the combined total household income for both trade areas will be around \$2.4 billion.
- At present, there are approximately 15,000 workers in the corridor. The expenditures of these workers do contribute to the support for retail uses in the corridor. We estimate that at present the workers in the primary trade area spend approximately \$13.5 million in the corridor annually. This is capable of supporting approximately 42,100 square feet of retail space. Of this space, around 27,000 square feet falls in the eating and drinking category.
- H Street is a major, heavily trafficked arterial with approximate average daily trip estimates of 24,000 cars. As such, we believe retail uses along the corridor are capable of capturing a significant proportion of their total retail sales from customers who primarily reside outside the trade area.

Implications of Potential Cultural and Entertainment Facilities

- At present, two theater projects are under development or in early stages of operations. The most ambitious project is the Atlas Theater, which has been proposed to include two smaller theaters for live performances; one is to include 150 seats, while the larger theater would include up to 250 seats. The other is the H Street Theater, which includes 150 seats.
- Theaters and other cultural venues do create traffic for retail corridors, and are particularly supportive of generating business for food and beverage establishments (cafes, table service restaurants, coffee and liquor bars designed to serve the tastes and expenditure potentials of theater patrons), and draw visitors to the area during the evenings when many traditional retail stores have closed.
- The total amount of retail supported would be less than 500 square feet of space. This is not to discount the importance of attracting theater patrons to H Street in the evenings; the theaters would be very positive activating uses for the area.

Implications of Development on Large Sites at Both Ends of the Corridor

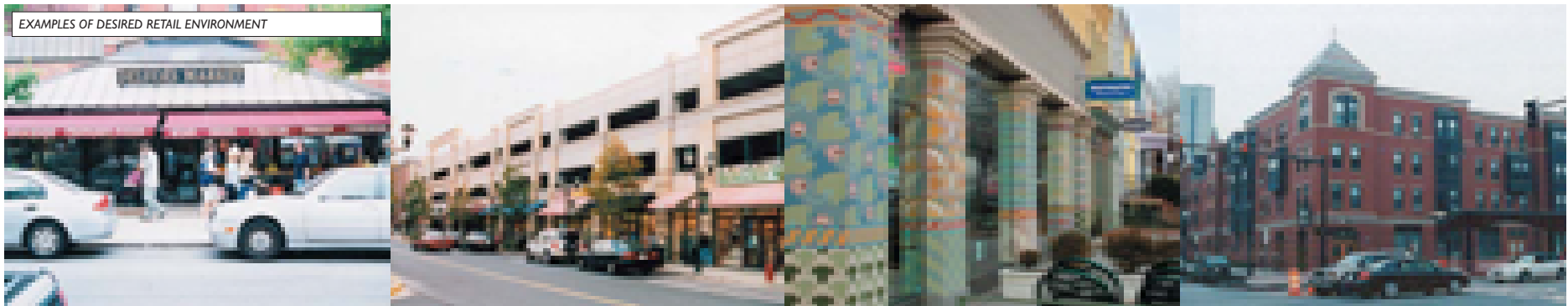
Part of the planning and economic viability issues for H Street concerns the potential and impact of the large sites at the ends of the corridor – the Hechinger site and the proposed air rights development at Union Station, Station Place. A number of stakeholders at the Design Charrette suggested that it would be beneficial to the area (and would provide missing product lines and values) if one or more 'Big Box' retailers (large format retail stores selling a large assortment of consumer products such as electronics, linens and housewares, or other lines; examples include stores such as Target

or Best Buy) could be recruited to a location along H Street. ERA reviewed preliminary plans for Station Place as well as discussed the build-out potential for the Hechinger site. After consideration of both sites, ERA concluded the following:

- Introduction of a Big Box retailer (55,000 to 80,000 square feet) would require either that the store be constructed on two levels (no longer considered an impossibility by national chains, but more costly to operate than conventional suburban sites and far from common in the industry) and/or that structured parking would be required to support the needed number of spaces (also a higher than usual cost, if compared to suburban sites).
- The market impact on H Street corridor retailers would be indirect rather than direct for either location. Because of the prevailing pedestrian shopper behaviors (consumers are reluctant to walk more than 1,200 to 1,500 feet as part of a shopping experience), neither site would comfortably be a 'walk-to' location from the proposed Main Street core area along the central portion of H Street. It is more likely that the introduction of one or more Big Box retailers at the eastern or western end of the corridor would help in recapturing a large share of District-based expenditures which are currently 'leaking' out of the District to these types of stores in Northern Virginia (particularly to the Potomac Yards 'Big Box' mall near Alexandria on Route 1) or to stores located in Prince Georges County. Recapturing these 'lost' expenditures would also increase pass through traffic along H Street as they would generate what the retail industry calls "inflow", defined as a retail use that is a strong enough destination that customers will seek it/them out and are willing to travel further than the distance that the more proximate markets (motivated by convenience) would be willing to go.

- These recovered sales, largely from District of Columbia residents from Capitol Hill and other neighborhoods in NE and NW Washington, would attract more people driving to the destination Big Box stores along the H Street corridor; increasing the level of exposure for locally owned and Mom-and-Pop businesses located in the more pedestrian-oriented central portion of H Street. While it may be argued that destination retailers may not generate sales in specialty shops and restaurants on the same trip as their Big Box visit, the exposure could foster another shopping trip later as more and more customers become familiar with the H Street corridor. Therefore, the benefits of introducing/recruiting Big Box retailers to H Street is less direct, but would build customer traffic from other parts of the area which would be less likely to come to H Street at all without the Big Box destinations.
- With regard to the potential linkage between the central pedestrian retail zone of the Corridor with the Station Place project, ERA is concerned that the walking distance inside the project from central H Street, combined with the grade change up the Bridge from the street level below, will act as discouragements to the expectation of an easy flow of pedestrian shoppers between Station Place and the central (most active, pedestrian oriented) core of the H Street corridor.

(ERA maintains a policy is that their reports and the findings contained therein should be presented in their entirety with no abstracting, modification or omissions without the express prior permission of ERA. ERA reserves the right not to respond to statements or questions regarding the data or findings presented in any ERA document that has been modified.)



4 RETAIL ENVIRONMENT

This section of the plan provides a summary of the planning team's analysis of the retail environment along H Street. The text offers an assessment of conditions, an overview of market forces affecting retailers, and a review of existing retail offerings.

4.1 Overview of Issues

Within one-half mile of the H Street neighborhood, over 250 of the District's most profitable retailers can be found at Hechinger Mall and Union Station. This retail is not meeting the needs of the community, who feels the absence of basic goods and services, as well as a common, everyday place for interaction between neighbors.

The H Street Consumer Survey, conducted in summer 2002, demonstrates the lack of services provided in the area. Eighty-one percent of those surveyed make their grocery purchases either elsewhere in DC or outside the District. Seventy-five percent do their basic convenience shopping away from H Street. Ninety-five percent of all home items are bought either elsewhere in DC or outside the District, while approximately eighty-five percent of all clothing purchases are made outside the area. Restaurants outside the H Street district capture eighty-nine percent of H Street neighborhood residents' business. Other retail categories show similar deficiencies along H Street.

It is both socially and economically sound to suggest that

neighborhood goods and services should be provided on H Street, the neighborhood's traditional Main Street. A retail solution should be planned and directed in a manner that fosters thriving businesses and bustling sidewalks. Additionally, a successful retail condition will capture a portion of the local spending currently going to markets outside of the H Street community.

(The H Street Merchants and Consumers Survey and Result Summaries are provided in Appendix B.)

4.2 Market Context

Retail Trade Area

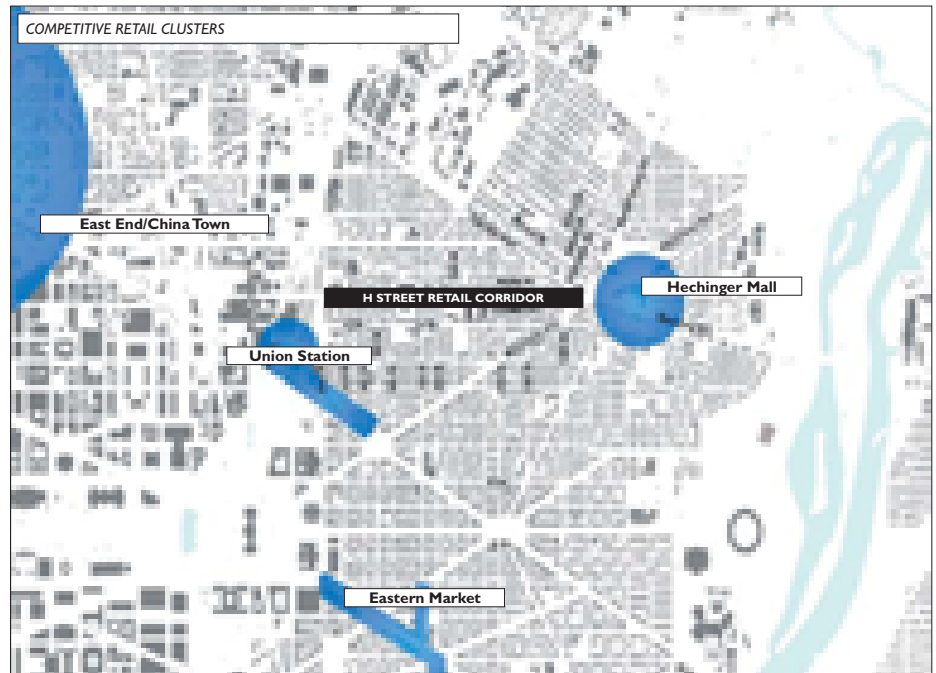
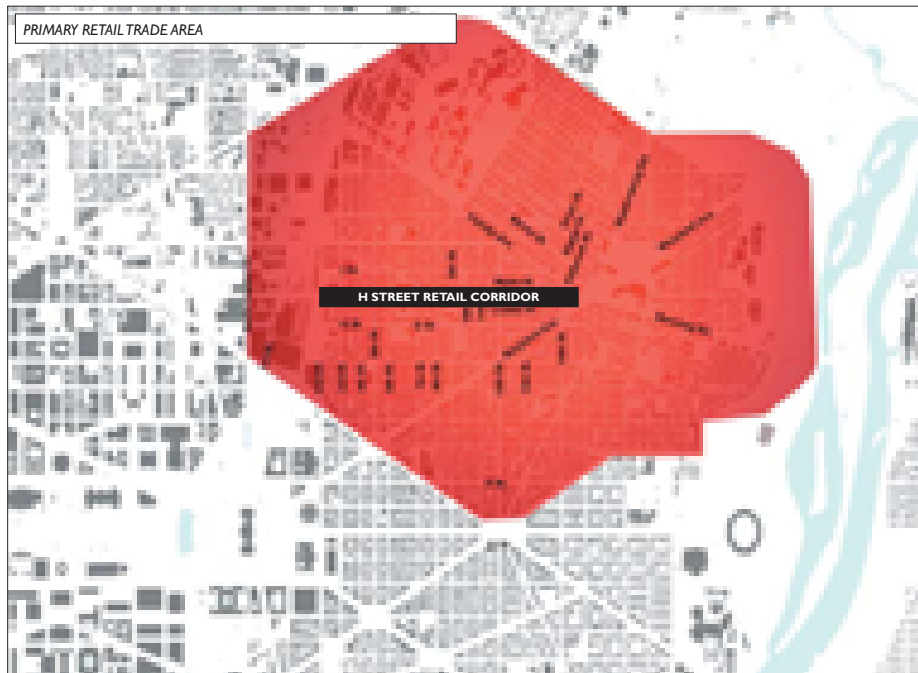
Retail trade areas are determined by evaluating the approximate geographic area from which a retailer can reasonably draw customers. With this information, a calculation of a target market for local-serving retailers can be estimated. The assessment of a trade area for H Street is based on four distinct factors:

- the distances urban customers are willing to travel;
- the methods of travel that urban customers are willing to use;
- the existing and established retail competition that surrounds the potential retail area; and
- physical and psychological barriers (i.e. major avenues and streets, parks, etc.) that surround a potential retail area.

Within a dense area like Washington, DC, the distance that urban customers are willing to travel is often measured in blocks, rather than miles. For retail areas that expect daily traffic from the surrounding neighborhood, eight to twelve blocks is a reasonable distance to extend a trade area boundary.

The methods of customer travel to an urban area can expand the trade area a great deal. For example, retail space next to a busy Metro stop can increase its customer base exponentially. Along H Street, the potential customer draw is enhanced by the well-established and frequently-used bus stops.

As for future transit opportunities, we are very optimistic that if H Street gets on its feet and becomes a vital neighborhood retail district, the introduction of new transit options could be extremely beneficial for this corridor, especially adding to the potential customer base at rail stops. However, as bus rapid transit is in its early stages of development, and unlikely to be completed within the next five years, we are not projecting for its retail demand. If the enhanced transit system becomes more defined as new H Street development projects are brought online, revisions to this section of the report should be considered. We do not want to create retail projects that are dependent upon an undefined transit line to succeed.



Competitive Supply

Throughout Washington, DC and the metropolitan area, there are many neighborhoods with a specialty retail component. Within the District, Adams Morgan supports a recognized variety of ethnic restaurants and nightclubs. Georgetown's identity is tied to luxury merchandise, fashion, boutique gifts and restaurants. Friendship Heights' brand is created by high-end fashion and jewelry, as well as urban big box retail. Each of these neighborhoods occupy a unique place in the city's retail market, but none of them serve as direct competition to H Street's shops and restaurants...yet.

Retail neighborhoods evolve. Three of the best local examples of this evolution in progress are the U Street Corridor, Downtown's F and 7th District and Columbia Heights. After years of planning, identity creation, and redevelopment, these three neighborhoods are reaching the midpoint of

their retail maturity. In the next few years, they will compete in the same retail marketplace as Georgetown, Friendship Heights, Old Town, Bethesda Row, and Dupont Circle.

H Street must first get back on its feet. Before the late 1950s or early 1960s, H Street was the second or third highest grossing retail district in the city. Now, the initial step is to recreate a neighborhood goods and services retail district. The competitive supply for concentrated neighborhood goods and services type is evaluated by identifying and investigating existing, established retail districts adjacent to H Street.

The existing and established competition adjacent to H Street has a definite impact on its retail potential. The retail centers or districts that serve a concentrated base of customers near H Street NE are the East End/Chinatown, Pennsylvania Avenue/Eastern Market/Eighth Street, Hech-

inger Mall, and Union Station.

- The East End/Chinatown. Until just recently, the retail offerings of this area were geared almost exclusively to tourists and regional visitors attending the MCI Center, the theaters or one of the several museums in the area. Within the past two years, following the infusion of over 4,000 housing units, the East End/Chinatown is starting to supplement its strong restaurant presence with considerable neighborhood goods and services retailers. The most notable of these will be the grocery store and adjacent retail offered at Mount Vernon Walk (the former Wax Museum Site at Seventh and K Streets).
- Pennsylvania Avenue/Eastern Market/Eighth Street. This small, but growing, retail corridor draws customers from the dense surrounding Capitol Hill neighborhood with very attractive demographics and its Metro access. With a mix that primarily serves the Capitol Hill community,

this collection of shops includes CVS, Kinko's, Bread and Chocolate, Ben and Jerry's, several hair salons and an eclectic mix of restaurants.

- Union Station. The offerings at Union Station pose one of the most dramatic impacts on H Street's retail potential. 'Union Station is a regional intermodal transportation hub providing access to Metro, Amtrak, and Marc trains with a combined daily ridership of 101,102 passengers in addition to Metrobus, taxi, and automobile commuters' (DC Marketing Center's 'North Capitol: NOMA' marketing piece). With numerous food outlets, including the food court and seven sit-down restaurants, as well as fashion and apparel, gift/boutique, and card shops, Union Station Mall is a viable alternative for many national and regional retailers who are looking for locations in Northeast DC. Perhaps more damaging, as few residents of the H Street neighborhood are interested in attracting national chains, is that these shops present direct competition to any local retailer who offers similar goods. For this reason, the ability for an H Street retail district to expand its customer draw is diminished by the close proximity of the established, clean, safe, managed, and Metro-accessible shops at Union Station.
- Hechinger Mall. Though geographically located along the H Street corridor, the Hechinger Mall site is physically and psychologically disconnected from H Street's neighborhood-scale retail. These two retail types (large format retail and neighborhood-scale retail) can very effectively coexist, if they work to compliment, rather than duplicate, one another. The Safeway, Modell's, Foot Locker, Blockbuster Video, Radio Shack, and National Wholesale Liquidators (NWL) at Hechinger Mall provide retail needs for the H Street neighborhood and a customer base up to three miles away, thus greatly reducing the need for these types of retailers along H Street itself.

The physical and psychological barriers around the H Street retail district are primarily caused by major roadways. For a potential customer, crossing New York Avenue or Massachusetts Avenue for a shopping experience is cumbersome and unnecessary as more local options are available to the north and south of these boundaries, respectively. North Capitol Street and the Hopscotch Bridge currently present a similar edge to the west. To the east, the Anacostia River becomes a natural boundary.

Based on these four factors, the potential trade area boundaries have been estimated to extend from New York Avenue and Mount Olivet Road to the north, North Capitol Street to the west, Massachusetts and North Carolina

Avenues to the south and the Anacostia River to the east.

Demand Summary

For the purposes of this report, we are estimating retail market demand over the next five years from the inception of this study. We strongly encourage a reassessment in five years. This period of time is considered an industry standard for retail market analysis in a main street condition because it is the typical length of a retailer's lease.

Within the identified trade area for the H Street retail district, the demographics reflect the following conditions:

- 33,652 residents;
- 14,408 households (22.5% of these are households with children; 40% one-person households);
- \$57,321 average median household income (54% increase over the last ten years);
- 23,055 daytime employees;
- 48% of residential units are owner-occupied; and
- 43% of residential units are renter-occupied.

The demographics of H Street illustrate a surrounding community that is changing, (yet with a stable base), middle income, ethnically diverse with almost a 50/50 split between Caucasians and African-Americans.

Based on the demographics of the trade area and the amount of competitive retail surrounding the neighborhood, the current total potential retail square footage generated by the needs of the trade area along H Street is between approximately 150,000 and 250,000 square feet.

4.3 Retail Audit

Today, H Street reflects a major city route on the brink of its next wave. The beginnings of two diverging paths are currently evident:

- a suburban-like series of pad sites and
- a traditional, neighborhood retail environment.

The choices made by the community, the City and private developers will help distinguish H Street's future direction.

AutoZone, H Street Storage, H Street Connection, and the BP Amoco site are influencing H Street toward suburban conditions. Perhaps two dozen successful shops and a stable residential neighborhood are factors that make capturing H Street as an urban center for community goods and services a possibility.

The first focus of a Retail Audit for H Street is on each of the various types of retail by merchandising or services category (for example: neighborhood services – salon; restaurant – fast food; fashion and apparel; books, records and magazines; etc.) and determine what is currently successful here.

The following stores currently are found on H Street between Second Street and Maryland Avenue:

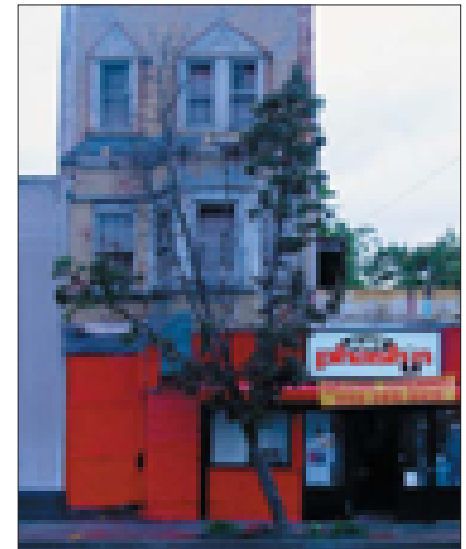
25	salons
17	discount fashion stores
15	take out food establishments
9	grocery/convenience stores
7	dry cleaners/laundromats
6	discount stores
4	banking institutions
4	liquor stores
3	jewelry stores
2	auto parts stores
2	hardware/plumbing stores
2	drug stores
1	appliance store
1	record store
1	furnishing store

The Retail Audit is conducted using two primary tools: site visits and evaluations at a variety of times of the day and the week, and owner/manager interviews. The analysis is influenced by the following factors:

- How is the retailer performing, based on annual sales/profits or owner/manager understanding of current profitability versus previous years?
- How well does the owner/manager understand his/her customer base? How well does he/she cater to this customer base?
- How well is the merchandise/shop presented and maintained?
- How well is the storefront maintained and presented to attract potential customers?
- How well do the store's operating procedures (hours, payment options, appointment policy, etc.) meet the needs of its potential customer base?

Using these questions as a guideline, the H Street Main Street group should seriously consider continuing this auditing.

Although retail establishments along H Street were evaluated individually, the results of the Retail Audit are reported



by merchandising or services category. All retailer types were examined; however, the focus of our retail audit was on the four dominant retail types on H Street: neighborhood service-salon, moderately-priced fashion, pharmacy/convenience stores, and take-out food establishments. This is because these retailers indicate an organic or unaltered market demand and are the best indicators of what retail types will naturally flourish here.

In retail development, shops and locations are frequently graded on an A, B, C scale. For the purposes of the Retail Audit, we identified four types of retail along H Street that were rewarded passing grades, indicating the level of their potential to thrive in an improved retail district. Identifying these business types in an area preparing to undergo revitalization is important, as we do not want to plan around business types and establishments that would flounder for other reasons than a difficult street environment.

Retail Grade Criteria

Grade	Criteria
A	Profitable Sophisticated ownership/management Demonstrated financial know-how Employing a marketing strategy Knowledgeable of customer base
B	Profitable Knowledgeable of customer base Could prosper – with financial/operations assistance
C	Little profitability Lacks basic information regarding business operations Does not understand customer base or their needs

Note: With regard to these categories, we have determined shades of positive and negative with each grade (hence B+).

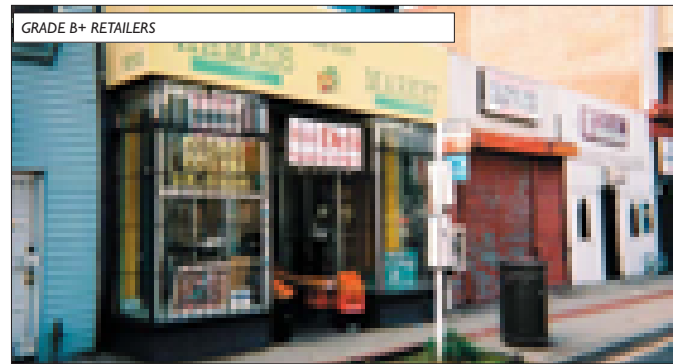
H Street Retail Establishments: Grade A

The following categories of retailers have been placed in the Grade A category of retailers, generally based on preliminary estimates of their profitability, their marketing strategies, their advanced understanding of the financial issues impacting their establishment, their ability to clearly identify their customer;

and their ability to meet the needs of that customer and adapt as these needs change.

Neighborhood Services – Salons. (Approximately 25 salons on H Street, 20% performing at Grade A). There are numerous salons on H Street. Although for many residents, this condition is a source of frustration, it is also an indication of the health of this services category along this corridor. While a few of the salons are running marginally successful businesses based on low rents and low expectations of profitability, many of these establishments are brimming with potential, have a steady base of customers from the neighborhood and elsewhere, and have a heightened level of understanding about their clients and how to serve them. They are negatively impacted by surrounding business types that do not demonstrate this level of sophistication.

Moderately-Priced Fashion. (Approximately 17 moderately-priced fashion stores on H Street, 35% performing at Grade A). Similar to the beauty and hair salons, some of the fashion merchants have the ingredients for successful businesses, while others appear to be surviving on small profit margins or, quite simply, tradition. Many of H Street's fashion merchants offer unique merchandise, a good sense of their customer, appeal-



ing presentation, and reasonable prices. Like the salons, they do not benefit from any clustering that might allow them to establish a retail identity as part of an H Street retail district.

H Street Retail Establishments: Grade B+

A grade of B+ was suggested for the following categories of retailers based on their ability to identify and capture a retail need along H Street. Although many of these establishments lacked the business skills found in the Grade A category, these retailers were offering goods and services that allowed them to do well regardless.

Pharmacy/Convenience Stores. (Approximately 8 pharmacy/convenience stores on H Street, 40% performing at Grade B+). H Street's daily errand, produce, and toiletries stores, in addition to the 10,000 square foot Rite Aid provide for a portion of the neighborhood's existing retail needs. These merchants are clearly serving a neighborhood need; however, their merchandising and presentation keep their customer base quite small, as new customers remain unaware or skeptical about patronizing the establishment.

Take Out Food. (Approximately 15 take-out food restaurants on H Street, 35% performing at Grade B+). Appearances aside, take out food is a legitimate retail type along H Street, partially fueled by heavy volumes of traffic generated by the bus stops. The unique, local characteristics of this type of

retailer would make a legitimate contribution to a revitalized H Street. Observation times include weekday late mornings, weekday mid-afternoons, and Saturday afternoons. Take out food was perhaps the only retail type that was doing at least some sort of business at each of these times. Many of these establishments could use some improvement, but they are clearly fulfilling a need, most likely accentuated by the bus stops.

Impediments to Retail

In addition to assessing existing conditions, the Retail Audit records challenges to the improvement or expansion of the retail district. Many of the retailers in the H Street corridor understand the importance of a 'clean, safe, convenient and comfortable' environment to attract customers. In order of frequency, shop owners/managers cited the following challenges to successful retail on the H Street corridor:

- poor lighting;
- the perception/reality of neighborhood crime;
- loitering;
- a deficiency of parking; and
- lack of concentrated retail activity/vacant buildings.

These are reasonable concerns that unquestionably impact retail potential along H Street.

H Street's Retail Potential

For the past thirty years, H Street has persevered as a community avenue, a traffic artery, a bus route, and a center of NE Washington's urban fabric. As the District's government, residents and development community become increasingly intent on improving corridors and neighborhoods of the City, H Street has a tremendous opportunity to realize its full potential.

While the political, sociological and economic environment of H Street continues to improve, the retail industry has also been changing in a manner that is favorable for this corridor: Urban locations along Main Street environments are more desirable than ever. Established retailers are willing to consider placing stores in neighborhoods with lower average household incomes. Retail brokers are becoming increasingly savvy about how to "sell" these communities to business owners.

However, great retail streets are not created overnight. Careful, incremental steps that begin with helping existing H Street shop owners improve their business models must be taken first. Public investment in the corridor will minimize the potential new retailers concerns about the uncertainty of H Street's business environment. With many initial success stories, over the next several years, H Street will experience a "domino effect" with new shops and restaurants eager to occupy space on this vibrant corridor: